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C O N F I D E N T I A L SECTION 01 OF 02 BANGKOK 000965

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TAGS: [PGOV](#) [PREL](#) [ECON](#) [TH](#)

SUBJECT: DEMOCRAT PARTY LEADERS DISCUSS POLITICAL SITUATION

REF: A. BANGKOK 00636 (CORRUPTION ISSUES IN THE HEADLINES)

[B](#). BANGKOK 0538 (THAILAND'S DEAL OF THE CENTURY)

[C](#). 05 BANGKOK 07732 (THAKSIN ALLY PAINTS GLOOMY

PICTURE OF PM'S STANDING

[D](#). 05 BANGKOK 04367 (PARLIAMENT AMENDS CONSTITUTION

CRIMINAL INVESTIGATION OF BAGGAGE

SCANNER DEAL LAUNCHED

Classified By: Ambassador Ralph L. Boyce reason 1.4 (b) (d)

[1](#). (C) SUMMARY: Ambassador Boyce called on former Prime Minister Chuan Leekpai, a senior figure in the Democrat Party, on February 15. Chuan believed that opposition to PM Thaksin was growing as a result of the scandal around the sale of Shin Corp (ref A,B). Chuan said that Thaksin's efforts to undermine democratic institutions over the past five years was a more serious offense, but did not have the power to mobilize opposition to the PM the way the Shin Corp scandal did. Although the Democrat Party had not come out in open support of anti-Thaksin agitator Sondhi Limthongkul, Chuan agreed with many of his statements. Other Democrat Party representatives in the meeting commented on two sensitive issues: the bribery case involving the CTX baggage scanners (ref D) and the Free Trade Agreement (FTA) negotiations. On CTX, they urged the US to provide the information requested under the MLAT. On the FTA, they warned that the US risked being dragged into the middle of the tense political standoff between Thaksin and his opponents if the FTA negotiations continued. End Summary.

Thaksin's Troubles

[2](#). (C) Ambassador Boyce met on February 15 with former Prime Minister Chuan Leekpai and other leading members of the Democrat Party, the largest opposition party in Thailand. Former Foreign Minister Surin Pitsuwan and MP Kiat Sittheeamorn also participated in the discussion of the current political situation in the country. Chuan said that the public perception of the Prime Minister was changing due to the scandal surrounding his sale of Shin Corp (ref A, B). Thaksin had undermined all the country's democratic institution for the past five years, but the public was not really aware of these problems. The Shin Corp sale, in contrast, was getting the public's attention.

[3](#). (C) The Ambassador noted that the 1997 Constitution set up a range of independent institutions to provide checks and balances to the power of the government. Under Thaksin, however, these institutions were not working. (Ref A). Chuan noted that these institutions had been established when he was Prime Minister and had functioned well when the Democrats were in power. This showed that the problem was not with the concept, but with the current government. He recounted a recent report about the ruling party (Thai Rak Thai - TRT) control of the Senate, which according to the Constitution is supposed to be non-partisan. The TRT Senate "whip" was asked, casually, how many Senators take money from TRT. The whip answered just as casually that about 60 were on the TRT payroll. This highlighted the way Thaksin and his party were subverting the checks and balances of the system.

[4](#). (C) The Ambassador asked how the situation could be resolved. If Thaksin called a snap election, TRT would simply win again. Chuan agreed that TRT was still strong, but emphasized the importance of the increasing public awareness of Thaksin's misdeeds. The Ambassador agreed that there was a shift beginning in the some of the mass media. For example, "Thai Rath", the largest circulation paper in the country, had begun to publish some articles critical of the government. MP Kiat commented that some of the newspapers had begun to stray from the TRT line in part because the public was demanding more news about these issues and the papers had to respond. Chuan referred to the rise of anti-Thaksin agitator, Sondhi Limthongkul. Chuan said that the Democrat party had not come out in open support of Sondhi because it would have undermined Sondhi to be too closely connected to opposition politicians. Chuan expressed agreement, however, with much of what Sondhi was saying. The Ambassador noted that even a high-ranking associate of Thaksin had said that all Sondhi's claims were true (ref C). Chuan believed that Thaksin had dropped his lawsuits against Sondhi in part because he did not want to have to face his accuser in a trial and have to answer difficult questions.

Former Foreign Minister Surin pointed out the importance of the next rally, scheduled for Sunday, February 26. He indicated that the demonstration would not end on Sunday, but would keep going, turning the pressure on the PM up yet another notch.

VOA, CTX, FTA...

15. (C) Chuan put in a strong plea to keep VOA Thai language service on the air, noting its importance as a source of international news for Thai listeners. The group also noted the upcoming celebration of the centennial of Democrat Party founder Seni Pramoj (who also led the "Free Thai" opposition to the collaboration of the Thai government with the Japanese during World War II). The Democrats hoped for a statement in the Congressional Record commemorating this anniversary. MP Kiat recalled the CTX issue (ref D) and said that they were awaiting a response to the Thai Attorney General's MLAT request for further information. FM Surin expressed concern that the US had not yet been forthcoming on the request for more information, and emphasized that the US should share their interest in countering any corrupt business practices. We advised him that the Department of Justice was working on a response.

16. (C) Finally, MP Kiat raised the issue of the ongoing Free Trade Agreement negotiations. (Note: The Democrat Party does not oppose an FTA in principle, but has repeatedly urged the US not to continue the negotiations because Thaksin's government is tainted by corruption and it is not carrying out the negotiations in a transparent manner, among other criticisms. Opponents of Thaksin have seized on the shortcomings in the RTG's FTA negotiating procedures as another blunt object with which to bludgeon the PM. End note.) Kiat warned that the US was being dragged into an internal Thai political controversy due to the timing of the FTA talks, just as Singapore was being put into a difficult situation due to the purchase of Shin Corp by a Singapore company.

Comment

17. (C) The leadership of the Democrat Party are an impressive group, with a good record of commitment to democratic government. Their opposition to TRT and Thaksin is not just partisan, but reflects a genuine concern about the PM's autocratic rule and particularly his role in undermining the fledgling democratic institutions that they helped to foster during Chuan's term as PM. The Democrats have remained in the background to a surprising extent as civil society and the firebrand Sondhi have led the opposition to the Prime Minister; they are clearly encouraged by the rising tide of criticism of Thaksin. We believe they may be rather too optimistic about the effect the Shin Corp scandal will have on the PM. Although the deal has widened the circle of Thaksin critics, it still has not become the huge rallying point Sondhi and other had hoped for. But further revelations about the controversial transaction could change public perceptions. End Comment

BOYCE